

## **FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 13, 1996

SUBJECT: **SB 2689 - HB 2601**

This bill, if enacted, will require the Bureau of TennCare to create a committee to develop a single drug formulary for use by all managed care organizations.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures to the TennCare program. Managed care organizations will incur an increase in expenditures as the result of losing control over the pharmacy portion of the program. such increase would result in higher capitation rates to insure compliance with the policy set by the board. The amount of increase would depend upon the extent that the MCO's were unable to obtain discounts and use lower price generic drugs. The amount cannot be determined but is estimated to exceed \$1,000,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



**SB 2689 - HB 2601**

James A. Davenport, Executive Director